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18 January 1948

MEMORANDUM TO: Assistant Director, ORE

SUBJECT: Adequacy of Intelligence Coverage of Panama Base Negotiations

1. The Latin American Branch, ORE, has made a study of the intelligence coverage of the U. S.-Panamanian negotiations relating to the U. S. occupied defense sites in Panama which resulted in the recent definitive rejection of the U. S. proposals by unanimous vote of the Panamanian assembly. The conclusions of this study were:

a. Intelligence coverage was adequate;

b. There was some evidence of faulty coordination of intelligence within U. S. Embassy, Panama;

a. The U. S. Department of State incorrectly interpreted the facts reported by U. S. Embassy, Panama (CIA interpreted them correctly).

2. While there has been some newspaper comment that --

a. The Panamanian rejection was caused by Communist influence, and

b. Communist influence in Panama was not adequately reported by U. S. intelligence services,

it is obvious that the newspaper version is incorrect and that the basic error was improper use of intelligence by the U. S. policy-making officials involved.

3. The Latin American Branch is prepared to document their findings if such documentation is desired. Do you wish this action to be taken?

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P&PS / / vjf
Distribution:

Chief, Plans and Policy Staff

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